

COMPLIANCE BULLETIN

July 2003*

OFAC Compliance Affects Retirement Plans

In the aftermath of the September 11, 2001, terrorist attacks, President Bush issued Executive order 13224. This Order is designed to block property and prohibit transactions with persons who threaten to commit or support terrorism.

The Executive Order requires Prudential to more carefully monitor its business records (e.g., databases, recordkeeping systems, etc.) and monitor its payment systems against a specific list of known or suspected terrorists. This list of Specially Designated Nationals is maintained by the U.S. Treasury Department's Office of Foreign Asset Control (OFAC). If a person appearing on one of our databases cannot be conclusively distinguished from the persons appearing on the OFAC list, we must report this information to OFAC. OFAC may then order Prudential to freeze the person's assets that are within our control.

In a few rare instances, our efforts to comply with the OFAC regulations may delay the processing of a distribution from a qualified or nonqualified plan by several days. For example, we may encounter a name that so closely matches a name on the OFAC list that we need to conduct further research to clear it. However, we remain focused on maintaining our normal transaction timing standards, even as we comply with this important regulatory requirement.

More information about Executive Order 13224 and OFAC is available at: <http://www.treas.gov/offices/enforcement/ofac/>. If you have questions about Prudential's OFAC compliance procedures, please contact your Prudential Retirement representative.

Prudential Financial is a service mark of The Prudential Insurance Company of America, Newark, NJ and its affiliates. The Pension Analyst is published by Prudential Retirement, a Prudential Financial business, to provide clients with up-to-date information on current legislation and regulatory developments affecting qualified retirement plans.

*Republished December 2004 to reflect Prudential Financial's acquisition of CIGNA's retirement business.